

Introduced by Senator Runner

February 20, 2007

An act to amend Section 127405 of the Health and Safety Code, relating to hospitals.

LEGISLATIVE COUNSEL'S DIGEST

SB 350, as introduced, Runner. Hospitals: discount payment and charity care policies.

Existing law requires each hospital, as a condition of licensure, to maintain a written policy regarding discount payments for financially qualified patients as well as an a written charity care policy.

This bill would require that a hospital's discount payment policy and care policy also include a specified process for determining a patient's eligibiity for discounted payments or charity care, including information on the time period for applying for those payments or care.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 127405 of the Health and Safety Code
- 2 is amended to read:
- 3 127405. (a) (1) Each hospital shall maintain an understandable
- 4 written policy regarding discount payments for financially qualified
- 5 patients as well as an understandable written charity care policy.
- 6 Uninsured patients or patients with high medical costs who are at
- 7 or below 350 percent of the federal poverty level, as defined in
- 8 subdivision (c) of Section 127400, shall be eligible to apply for
- 9 participation under each hospital's charity care policy or discount

1 payment policy. Notwithstanding any other provision of this act,
2 a hospital may choose to grant eligibility for its discount payment
3 policy or charity care policies to patients with incomes over 350
4 percent of the federal poverty level. Both the charity care policy
5 and the discount payment policy shall state the process used by
6 the hospital to determine whether a patient is eligible for charity
7 care or discounted payment. *The discount payment policy and*
8 *charity care policy shall also include a specified process for*
9 *determining a patient's eligibility for discount payments or charity*
10 *care, including information on the time period for applying for*
11 *those payments or care.* In the event of a dispute, a patient may
12 seek review from the business manager, chief financial officer, or
13 other appropriate manager as designated in the charity care policy
14 and the discount payment policy.

15 (2) Rural hospitals, as defined in Section 124840, may establish
16 eligibility levels for financial assistance and charity care at less
17 than 350 percent of the federal poverty level as appropriate to
18 maintain their financial and operational integrity.

19 (b) Each hospital's discount payment policy shall clearly state
20 eligibility criteria based upon income consistent with the
21 application of the federal poverty level. The discount payment
22 policy shall also include an extended payment plan to allow
23 payment of the discounted price over time. The policy shall provide
24 that the hospital and the patient may negotiate the terms of the
25 payment plan.

26 (c) The charity care policy shall clearly state eligibility criteria
27 for charity care. In determining eligibility under its charity care
28 policy, a hospital may consider income and monetary assets of the
29 patient. For purposes of this determination, monetary assets shall
30 not include retirement or deferred-compensation plans qualified
31 under the Internal Revenue Code, or nonqualified
32 deferred-compensation plans. Furthermore, the first ten thousand
33 dollars (\$10,000) of a patient's monetary assets shall not be counted
34 in determining eligibility, nor shall 50 percent of a patient's
35 monetary assets over the first ten thousand dollars (\$10,000) be
36 counted in determining eligibility.

37 (d) Each hospital shall limit expected payment for services it
38 provides to any patient at or below 350 percent of the federal
39 poverty level, as defined in subdivision (b) of Section 124700,
40 eligible under its discount payment policy to the amount of

1 payment the hospital would receive for providing services from
2 Medicare, Medi-Cal, Healthy Families, or any other
3 government-sponsored health program of health benefits in which
4 the hospital participates, whichever is greater. If the hospital
5 provides a service for which there is no established payment by
6 Medicare or any other government-sponsored program of health
7 benefits in which the hospital participates, the hospital shall
8 establish an appropriate discounted payment.

9 (e) Any patient, or patient's legal representative, who requests
10 a discounted payment, charity care, or other assistance in meeting
11 their financial obligation to the hospital shall make every
12 reasonable effort to provide the hospital with documentation of
13 income and health benefits coverage. If the person requests charity
14 care or a discounted payment and fails to provide information that
15 is reasonable and necessary for the hospital to make a
16 determination, the hospital may consider that failure in making its
17 determination.

18 (1) For the purpose of determining eligibility for discounted
19 payment, documentation of income shall be limited to recent pay
20 stubs or income tax returns.

21 (2) For the purpose of determining eligibility for charity care,
22 documentation of assets may include information on all monetary
23 assets, but shall not include statements on retirement or
24 deferred-compensation plans qualified under the Internal Revenue
25 Code, or nonqualified deferred-compensation plans. A hospital
26 may require waivers or releases from the patient or the patient's
27 family, authorizing the hospital to obtain account information from
28 financial or commercial institutions, or other entities that hold or
29 maintain the monetary assets to verify their value. Information
30 obtained pursuant to this paragraph regarding the assets of the
31 patient or the patient's family shall not be used for collections
32 activities.

33 (3) Eligibility for discounted payments or charity care may be
34 determined at any time the hospital is in receipt of information
35 specified in paragraph (1) or paragraph (2), respectively.